

Message Text

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ACTION EUR-12

INFO OCT-01 ARA-06 ISO-00 CIAE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 CEA-01 SAM-01

IO-10 NIC-01 (ISO) W

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R 071530Z APR 75

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 2401

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

USMISSION NATO

AMEMBASSY VIENNA

DIA WASHDC

USCINCEUR VAIHINGEN GER

AMCONSUL OPORTO

AMCONSUL PONTA DELGADA

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E.O. 11652: N/A

TAGS: EFIN, ELAB, PINT, PO

SUBJ: BANK WORKERS JUSTIFY NATIONALIZATION OF BANKS

REF: LISBON 1475 (NOTAL)

SUMMARY: PRESS CONFERENCE HELD BY LISBON BANK WORKERS AS PART OF CAMPAIGN TO JUSTIFY BANK NATIONALIZATION, REVEAL MISDEEDS OF OLD FINANCIAL POWERS, AND DISCREDIT NON-COMMUNIST PARTIES. BANCO ESPIRITO SANTO (BES) AGAIN CHARGED WITH FINANCING ALL "NEO-NAZI" OR RIGHTIST PARTIES INCLUDING PPD. TWO MEMBERS OF ESPIRITO SANTO FAMILY AND CUF HEAD JORGE DE MELO SPECIFICALLY IMPLICATED. BES AND THREE OTHER BANKS WERE CHARGED WITH VARIETY OF OTHER MISDEEDS, INCLUDING MAKING SPECIAL LOANS TO DIRECTORS AND ASSOCIATES, FAVORING AND MAKING EXCESSIVE LOANS TO ASSOCIATED COMPANIES, WHILE NEGLECTING SMALL AND MEDIUM-SIZED ENTERPRISES; MAKING LOANS TO "PAPER COMPANIES"; AND STOCK FRAUD. WORKERS SAY THESE REVELATIONS ARE ONLY SAMPLE OF MORE SHOCKING ONES TO COME. END SUMMARY.

1. BANK WORKERS' UNIONS ARE CONTINUING CAMPAIGN OF PRESS CONFERENCES BEGUN MARCH 16 BY OPORTO WORKERS OF BANCO ESPIRITO SANTO E COMERCIAL (BES) (PARA. 7, REFTEL. UNIONS ADMIT CAMPAIGN IS DESIGNED TO JUSTIFY BANK NATIONALIZATION AND REVEAL MISDEEDS OF OLD FINANCIAL POWERS. COMMENT: NOT ADMITTED IS ATTEMPT TO DISCREDIT NON-COMMUNIST PARTIES BY LINKING THEIR CAMPAIGN FINANCING WITH THE OLD PRIVILEGED CLASSES. END COMMENT. NEW MINISTER FOR PLANNING AND ECONOMIC COORDINATION MARIO MURTEIRA IN INTERVIEW THIS WEEK ALSO EXTOLLED BANK NATIONALIZATION AS UNCOVERING SECRETS OF BIG CAPITAL (LISBON 1963). LATEST PRESS CONFERENCE BY LISBON BANK WORKERS WAS HELD APRIL 1.

2. ALTHOUGH ALLEGED MISDEED OF FOUR BANKS WERE OUTLINED, PARTY FINANCING CHARGES WERE LEVELED EXCLUSIVELY AGAINST BES. REVELATIONS WERE REHASH OF CHARGES MADE IN PREVIOUS PRESS CONFERENCE, WITH SOME ADDITIONAL DETAILS. JOSE MANULE PINHEIRO ESPIRITO SANTO SILVA, MANUEL RICARDO PINHEIRO ESPIRITO SANTO SILVA, AND JORGE DE MELO (HEAD OF GIANT CUF CONGLOMERATE) WERE SPECIFICALLY IMPLICATED IN CREDITS TO PROGRESS PARTY, WHILE BES WAS CHARGED WITH FINANCING "ALL THE NEO-NAZI FASCIST PARTIES OR LIMITED OFFICIAL USE

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ALL THE PARTIES OF THE RIGHT" INCLUDING POPULAR DEMOCRATIC PARTY (PPD).

3. WORKERS ALSO CLAIMED THAT CHECK OF ONLY SOME ACCOUNTS IN BES HAD REVEALED OVER \$10 MILLION IN WITHDRAWALS BY BANK DIRECTORS AND ASSOCIATES. SOCIEDADE CENTRAL DE CERVEJAS (SCC) (2,700 WORKERS, PRODUCES SAGRES AND CARLSBERG BEERS, SCHWEPPE'S SOFT DRINKS), CURRENTLY UNDER OCCUPATION BY WORKERS DEMANDING ITS

NATIONALIZATION, WAS CITED AS EXAMPLE OF EXCESSIVE INDEBTEDNESS TO BES BY COMPANIES IN ITS GROUP. SCC SUPPOSEDLY HAS SOME \$28 MILLION IN LOANS FROM BES, WHILE "PRESUMABLY" AT ORDERS OF BES BANKERS IT HAS NOT REPATRIATED ANY PROFITS FROM ITS BIG FOREIGN HOLDINGS (BRAZIL, GERMANY, ETC.)

4. BANCO FONSECAS AND BURNAY WAS CHARGED WITH FAVORING ITS OWN COMPANIES IN MAKING LOANS, AND NEGLECTING SMALL AND MEDIUM-SIZED COMPANIES. IT ALSO ALLEGEDLY MADE OVER \$1.6 MILLION IN LOANS TO DIRECTORS AT NO OR ONE PERCENT INTEREST, AND INVESTED \$15 MILLION IN LAND SPECULATION.

5. BANCO BORGES AND IRMAO WAS CHARGED WITH MAKING MILLIONS OF DOLLARS IN LOANS TO SOME 30 "PAPER COMPANIES" AND ITS OWN DIRECTORS WITH COLLATERAL, AND GIVING EXTREMELY LARGE LOANS TO OTHER ASSOCIATED COMPANIES. LARGE "SUSPICIOUS" WITHDRAWALS" BY BORGES HEAD MIGUEL QUINA AND COUNTESS OF COVILHA WERE ALSO CITED.

6. BANCO PINTO E SOTTO MAYOR OF CHAMPALIMAUD GROUP WAS CHARGED WITH FINANCING FOREIGN CAMPAIGNS OF RUMORS ABOUT PORTUGUESE SITUATION, PURCHASING OVER \$10 MILLION IN STOCK UNDER FALSE NAME, AND USING \$16 MILLION LABELLED "AMOUNT IN LITIGATION" TO MAKE UNSECURED LOANS TO "FAVORITES." BANK WAS ALSO CHARGED WITH ATTEMPTING TO SPLIT OFF ITS PARIS BRANCH, RETAINING EMIGRANTS' FUNDS ABROAD. ANTONIO CHAMPALIMAUD WAS CHARGED WITH USING EX-PIDES AND OTHER REACTIONARIES TO PRESSURE BANK WORKERS NOT TO ACCEPT UNION.

7. IN INDICATION THAT CAMPAIGN OF REVELATIONS WILL CONTINUE, BANK WORKERS SAID THAT ABOVE FACTS ARE ONLY A SAMPLE, AND THAT OTHER MORE GRAVE AND SHOCKING CASES WILL BE DIVULGED WHEN THE TIME IS RIGHT.

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8. COMMENT:

A. THIS CAMPAIGN OF "TRIAL BY PRESS CONFERENCE" IS IN LINE WITH PROGRAM FOR POPULAR DEMOCRATIC PATY (MDP/CDE) (LISBON 1914) CALLING FOR WORKER INTERVENTION AND VIGILANCE. MDP BANK WORKERS HAVE LONG BEEN MOST VISIBLE OF BANK "VIGILANTES."

B. IT IS PROBABLY THAT MOST OF THE CHARGES MADE BY THE BANK WORKERS HAVE FACTUAL BASIS. PREVIOUS CONCENTRATION OF ECONOMIC POWER IN PORTUGUESE BANKS INDICATED BY STUDY WHICH SHOWS THAT IN 1972 ONLY SEVEN BANKS CONTROLLED 83 PERCENT OF BANKING ACTIVITY. BANKS UNQUESTIONABLY USED LEVERAGE AVAILABLE TO PROMOTE COMMERCIAL INTERESTS OF FIRMS IN WHICH THEY HAD FINANCIAL INTERESTS, A PRACTICE WHICH HELPS ACCOUNT FOR WIDE-SPREAD PUBLIC ACQUIESCENCE IN BANK NATIONALIZATION, CARLUCCI

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